



TO: Human Resources and Payroll Representatives

FROM: Joshua Hitchens, Director of Defined Contribution Plans

DATE: April 4, 2011

RE: Deferral of Sick and Annual Leave to the 457(b) and 403(b) Deferred Compensation Plans

This memo is to help clarify the process for employees wishing to defer their accumulated sick and/or vacation pay to the State's Deferred Compensation Plan upon separation or retirement from State service.

The IRS has issued regulations, which we are able to rely on, regarding the deferral of accumulated sick and vacation pay. The regulation states that the employee must make the deferral election in the month before the accumulated sick and vacation pay would be paid.

For example, if an employee retired from State service on January 1, 2011 and they received their sick and vacation payout on January 14, 2011, they had to have made their deferral election no later than December 31, 2010.

Employees would need to complete and return the Sick/Vacation Deferral Form to the Treasurer's Office based on the dates listed below if they are interested in deferring their sick and vacation payouts upon their separation from State service. The Sick/Vacation Deferral Form can be found on our website at www.DelawareSaves.com. Please see the grid below for the dates that Sick/Vacation Deferral Forms need to be received by the Treasurer's Office for each pay period. Please let me know if you have any questions.

Date of Paycheck containing Sick/Vacation Time	Date Sick/Annual Leave Form Needs to be in the Treasurers' Office
04/08/11	03/28/11
04/21/11	03/31/11
05/06/11	04/25/11
05/20/11	04/30/11
06/03/11	05/23/11
06/17/11	05/31/11
07/01/11	06/15/11
07/15/11	06/30/11
07/29/11	06/30/11
08/12/11	07/31/11
08/26/11	07/31/11
09/09/11	08/29/11
09/23/11	08/31/11

Regarding the 403(b) Plan, regulations do not require that forms be received by the end of the month prior to the date of the payout. However, forms must be received by the Treasurer's Office at least two weeks prior to the paycheck date in order to insure the deferral amount is processed. For more information on deferring sick/vacation time to the 403(b) Plan, visit www.DelawareSaves.com.